

**Introduced by Senator Monning**

February 18, 2014

---

An act to amend Section 116 of the Insurance Code, relating to insurance.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1065, as introduced, Monning. Insurance.

Under existing law, automobile insurance includes, among other things, a contract of warranty or guaranty that promises service, maintenance, parts replacement, repair, money, or other indemnity in the event of loss or damage to a motor vehicle. Automobile insurance also includes an agreement that promises repair or replacement of a motor vehicle, or part of a motor vehicle, after a mechanical or electrical breakdown at either no cost or a reduced cost to the agreementholder.

This bill would make technical, nonsubstantive changes to those provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 116 of the Insurance Code is amended
- 2 to read:
- 3 116. (a) Automobile insurance includes insurance of
- 4 automobile owners, users, dealers, or others having insurable
- 5 interests therein, against hazards incident to ownership,
- 6 maintenance, operation, and use of automobiles, other than loss
- 7 resulting from accident or physical injury, fatal or nonfatal, to, or
- 8 death of, any natural person.

1 (b) Automobile insurance also includes~~any~~ a contract of  
2 warranty; or guaranty that promises service, maintenance, parts  
3 replacement, repair, money, or any other indemnity in event of  
4 loss of or damage to a motor vehicle or a trailer, as defined by  
5 Section 630 of the Vehicle Code, or any part thereof from any  
6 cause, including loss of or damage to or loss of use of the motor  
7 vehicle or trailer by reason of depreciation, deterioration, wear  
8 and tear, use, obsolescence, or breakage if made by a warrantor  
9 or guarantor who is doing an insurance business.

10 (c) Automobile insurance also includes~~any~~ an agreement that  
11 promises repair or replacement of a motor vehicle, or part thereof,  
12 after a mechanical or electrical breakdown, at either no cost or a  
13 reduced cost for the agreement holder. However, automobile  
14 insurance does not include a vehicle service contract subject to  
15 Part 8 (commencing with Section 12800) of Division 2, or an  
16 agreement deemed not to be insurance under that part.

17 (d) The doing or proposing to do~~any~~ business in substance  
18 equivalent to the business described in this section in a manner  
19 designed to evade the provisions of this section is the doing of an  
20 insurance business.